

Minutes of the Meeting held on December 7, 2015

Present: Francis Murphy – Chair, James Monagle, Nadia Chamblin-Foster, John Shinkwin, Ellen Philbin, Attorney James Quirk and Chris Burns.

Absent: Michael Gardner

The meeting was called to order to 5:00 PM. The meeting was digitally recorded.

Agenda Item #1 – Cambridge Bancorp

The Board reviewed third quarter results from Cambridge Bancorp. Denis Sheahan and Albert Rietheimer represented Cambridge Bancorp. The Chairman stated that he would like to continue meeting with the bank's representatives on an annual basis, preferably in December. The bank has \$1.2 billion in outstanding loans, and the wealth management division has \$2.4 billion in assets under management. The bank is focused on continuing to grow the wealth management division and the commercial loan portfolio. Sheahan stated that the bank has hired a new employee to manage the "Innovation Office" which focuses on loans to start-up businesses. The bank hopes to expand this area significantly in 2016. The bank does not make loans outside of Massachusetts and New Hampshire and the vast majority of loans are made in Greater Boston. The bank is also focused on adjusting to the likelihood of higher interest rates in the near future. They have moved to shorten the durations of their loan portfolio. They have sold more of the mortgages they originate on the secondary market. Sheahan stated that he has continued to focus on investor outreach, and noted that the bank's share value is up over the last year. He stated he has also been networking with other bank's CEOs, in an effort to be sure that the bank is prepared to make an offer if any smaller banks with to be acquired. The bank continues to show good growth in assets, net income, outstanding loans and deposits. Rietheimer reviewed the bank's underwriting process. He stated that the bank tended to be extremely conservative in their standards, and that it has resulted in a very low number of non-performing loans. Sheahan described how the bank evaluates itself against a peer group, noting that the bank would tend to measure itself against other banks of comparable size, with a wealth management division. He listed Washington Trust and Rockland Trust as examples. The bank has neither solicited nor received takeover offers from outside firms. Sheahan reviewed the bank's diversity initiatives. The Board of Directors consists of thirteen people. Five are women and two are persons of color. The Board is committed to remaining diverse as the directors retire. In 2016, the bank will work on developing succession plans for the senior management, and Sheahan stated that he intends to consider diverse candidates and to increase opportunities for employees from within the bank to advance.

Agenda Item #2 – Minutes

Motion by Shinkwin, seconded by Monagle to accept the minutes of the investment manager interviews held on October 28, 2015. Voted unanimously.

Motion by Shinkwin, seconded by Monagle to accept the regular minutes of the meeting held on November 2, 2015. Voted unanimously.

Motion by Monagle, seconded by Shinkwin to accept the executive session minutes of the meeting held on November 2, 2015. Voted unanimously.

Agenda #3- Warrant

The Director stated that Warrant #23 was adjusted to include the pooled fund expenses. Motion by Shinkwin, seconded by Chamblin-Foster to accept payment of warrant #22 in the amount of \$6,034,335.38 and Warrant #23 in the amount of \$1,276,882.48. Voted unanimously.

Agenda Item #4 – Superannuations

Motion by Chamblin-Foster, seconded by Shinkwin to accept the Superannuation retirement applications submitted by William C. Barnes, Patrol Officer, Cambridge Police Department with forty years four months, Esmeralda Bertozzi, Referral Coordinator, Cambridge Health Alliance with ten years five months, James F. Burns, Assistant Fire Chief, Cambridge Fire Department with thirty-seven years seven months, Paige K. Katzenstein, Registered Dietician II, Cambridge Health Alliance with eleven years four months, Lenore M. Lawrence, Parking Services Manager, Cambridge Traffic Department with twenty three years five months, Robert F. Mahoney, Firefighter, Cambridge Fire Department with thirty-seven years, eight months, Francis M. O’Grady, Firefighter, Cambridge Fire Department with thirty-two years nine months, Terri L. Paine, RN, Cambridge Health Alliance with fifteen years two months, Darlene A. Rodenmacher, RN Cambridge Health Alliance with thirty-four years eight months, Ana Saenz, Scheduler, Cambridge Health Alliance with thirty-five years four months, James A. Smith Jr., Technical Assistant, Cambridge Public School with forty-three years and two months, Janna M. Smith, Social Worker, Cambridge Health Alliance with fourteen years ten months, Paul Sugrue, Sergeant, Police Department with thirty-four years, Elaine C. Thorne, Project Planner, Cambridge Community Development with thirty-five years seven months, Wayne Travers, Painter, Cambridge Health Alliance with 25 years, 5 months. Voted unanimously.

Agenda Item #5 – Redeposits / Make up / Liability

The Board reviewed make-up and redeposit worksheets for six members. Motion by Shinkwin, seconded by Monagle to allow the redeposit of refunds requested by Sara J. Beautz, three years eight months (pro-rated), Juliet R. Schiff, nine months, to allow the make-up of contributions requested by Kelley A. King, two months, Innocent E. Lugumamu, six months (pro-rated), requesting acceptance of liability, Dennis J. Maragioglio, eleven months (pro-rated) and Donna J. Richardson, two years ten months (pro-rated). Voted unanimously.

Agenda Item #6 – Refund Applications

The Board reviewed a list of refund application submitted in November. Motion by Monagle, seconded by Chamblin-Foster to accept eleven refund applications. Voted unanimously.

The Chairman requested to adjourn the open meeting and go into executive session for the purpose of discussing disability retirement applications. The Chairman stated that the meeting would reconvene in open session at the conclusion of the executive session.

On a roll call, the vote was as follows:

- Nadia Chamblin-Foster YES
- John Shinkwin: YES
- James Monagle: YES
- Francis Murphy: YES

Agenda Item #7 Accidental Disability Benefits – Paul Poisson

The Board reviewed the certificate a narrative report of the member’s medical panel, written clarifications from each of the panel physicians, the member’s application, treating physician’s statement and employer’s statement pertaining to Paul Poisson’s Accidental Disability application. Motion by Monagle, seconded by Shinkwin to accept the majority findings of the medical panel and grant Accidental Disability benefits to Paul Poisson, a Working Carpenter/Supervisor in the Dept. of Public Works. Voted unanimously.

Agenda Item #8 - Accidental Disability Application – Thomas Kelley

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to Thomas Kelley's Accidental Disability application.

Motion by Shinkwin, seconded by Chamblin-Foster to accept the Accidental Disability Application filed by Thomas Kelley, a Police Officer and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #9 – Extension of Contracts

The Board reviewed correspondence from Attorney Quirk.

Quirk stated that an amendment to Section 23B allows Boards to enter into contracts with vendors lasting up to seven years, and to extend contracts, previously limited to five years, for two additional years, if the Board finds that such an extension would be advantageous.

Motion by Chamblin-Foster, seconded by Shinkwin to extend the contracts with Labaton Sucharow and Bernstein Litowitz by two years. Voted unanimously.

The Director recommended that the Board extend the contract with the Segal Company. She stated that the system was due to conduct an actuarial valuation in 2016. Quirk noted that the contract with Segal has already expired, but he believed the extension could be made retroactive to the end of the last contract. Monagle stated that he would prefer not to make any change right away, as Segal has been helpful in providing information required by GASB. He stated that he would like to consider other actuaries after July 2016. Motion by Chamblin-Foster, seconded by Monagle to extend the contract with the Segal Company actuary to January 2017. Voted unanimously.

Agenda Item #10 – 2016 Retirement Board Budget

The Board reviewed a draft budget for 2016, and an explanation of various expense categories. The Director stated that the budget includes the cost of a new postage meter, an upgrade of the Board's iPads, a new software system for auditing retirees who have died, and costs for an election and actuarial valuation.

Chamblin-Foster requested that the agenda materials include updates on expenses incurred against the budget.

Motion by Monagle, seconded by Chamblin-Foster to accept 2016 Administrative Budget for the Cambridge Retirement Board in the amount of \$8,708,843.01. Voted unanimously.

Agenda Item #11 – PERAC Memos

The Board reviewed PERAC Memo #24. No action was taken.

Agenda Item #12 - Old Business

Not needed.

Agenda Item #13 - New Business

Quirk reported that DALA has hired a consultant to provide recommendations to expedite their process, and reduce their case backlog. A report should be available by February.

The Director stated that she is consulting with PERAC to determine the correct process under Section 105 for transferring the account for Anne Leduc. She stated that once PERAC sends their written instructions, she will put the matter on the agenda for action by the Board.

The Director distributed copies of correspondence from 350.org. The letter requests assistance from the Board in getting information regarding PRIT's investments. The Director stated that it was her understanding that similar letters were mailed to all the local Boards. The Chairman asked that the Director forward the correspondence to Michael Trotsky at PRIT.

The Director requested that all Board members acknowledge receipt of the annual conflict of interest materials.

The Director stated that Segal has invoiced the Board \$18,500 for work performed during the GASB process. In addition, KPMG has invoiced the Board for \$45,000. Quirk stated that it is unclear who would be responsible for these expenses. Monagle stated that he would work with the Director to try to resolve the payments.

Agenda Item #14 - Executive Session

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #15 - Chairman's Report

The Chairman stated that Cambridge has been replaced as lead plaintiff in the Marvell Technology case.

Agenda Item #16 - Executive Director's Report

Not needed.

The following materials were also reviewed by the Board:

- Notice of Retiree Deaths
- Correspondence from Attorney James H. Quirk re: Thomas M. Finneran vs. State Board of Retirement.
- Correspondence from Attorney James H. Quirk re: Victor Morales vs. Lawrence Retirement Board & PERAC.
- Correspondence from Attorney James H. Quirk re: Robert Curley vs. Cambridge Retirement Board.
- Correspondence from Attorney James H. Quirk re: Newspaper article on Teachers Sponsored Special Legislation.
- September Wire Transfers
- September Financials - General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursement, Cash Receipts.
- Columbia Threadneedle Investments re: General Performance Report.
- Fidelity Institutional Asset Management re: Name Change.
- IR+M – Client Update November 2015.
- Labaton Sucharow re: 2Q 2015.
- Lazard Asset Management re: Portfolio Review October 2015.
- Pension & Investments re: Calpers Report.
- PERAC re: Audit Follow-up Report.
- Wall Street Journal –Pension funds Tackle Fee Mystery.

Monagle moved to adjourn at 7:10 PM.